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Approved For Release 2003/05/14 : CIA-RDP78B05171A000800050095-3

NPIC/TSSG/RED-1793-69
10 September 1969

MEMORANDUM FOR THE RECORD

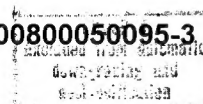
SUBJECT: Fiscal Year 1970 Schedule of External Research Projects
(Form 1276)

1. Since the latter part of August, three Form 1276's have been prepared and submitted to PPBS for the Fiscal Year 1970 requirement. The first was extensively coordinated with PPBS and attempted to incorporate the change to the [] system not being used in RED in the Fiscal 70 and 71 columns. Shortly after this was submitted, it was learned that the FY-71 budget had been reduced by [] and that it would be necessary to decide where this reduction would be distributed and recompile the Form 1276 to reflect these changes. On the basis of recommendations made by [] the budgetary reduction was distributed and a new form was prepared and submitted. Shortly after this, we were advised that the presentation was not acceptable to [] who instructed PPBS representatives in the manner he wished to have the form compiled. The latest Form 1276 prepared by this office, dated 4 September 1969, incorporates [] instructions as given to me by [] of PPBS. Since this submission represents a number of significant departures from any of our previous R&D budget papers, I am preparing this memo to point out these differences.

2. First the entries for FY-69 are based on costs cited in the Fiscal 69 budget report, dated 30 June 1969, prepared by the Finance Branch, SSD. Several of the cost figures on this sheet represent the requisition allotment and not the actual contract cost. However, it is as necessary to maintain these figures in order to agree with the previous submitted total expenditure of [] (according to instructions received from [])

3. Next, the entries for FY-70 and 71 were based on a tabulation furnished by [] which was derived from the five-year plan submitted to the DBI by the Center in January 1969. The projects and cost figures on this list, which has been considerably modified by Mr. [] bear little resemblance to our current FY-70 and 71 R&D programs. First, many of the names were modified. I was instructed to use the names that appeared on [] list. Second, the old PPB category number III, Analysis, was utilized for the first time in this R&D program and several of our projects were shifted from category V, Others, to

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this category. Third, an arbitrary adjustment was made in the funding level of FY-71 categories to absorb the [] reduction currently programmed for that year. For these reasons it is very difficult to relate the information on this Form 1276 to any other records we have in this regard. Consequently, I assume that the use of this document will be limited to PPBS and OPPB.

4. In the process of preparing this budget, a number of unresolved procedural dilemmas were brought to my attention. First, it continues to appear that closer coordination with [] office would obviate the submission of unsuitable reports and the repeated recomputations that are required. Second, there are two major unrelated systems for categorizing the projects in the R&D program. One of these (the one used at headquarters) is budgetary in nature and the controlling influence on the assignment of projects to these categories appears to be primarily related to satisfactory distribution of funds between the various categories; the designation of which project belongs in each of these categories is necessarily a matter which must be resolved by the persons who are familiar with the purpose and objectives of this categorization. The other, which originates in RED, is intended to divide the R&D program into distinctive divisions based on the nature of the research and development effort required and/or the specific functional area in the center's operations which is being served by the R&D project. In this case, only a duly authorized RED member is qualified to designate which of these categories a specific R&D project belongs to. If Form 1276's are to be organized according to the former categorical system, then some means for active participation on the part of [] office should be arranged. If the latter system is used, then no distribution other than that provided from RED should be utilized. Similarly a redistribution of funds caused by a reduction in the budget should be the business of RED to initiate and submit for management approval.

5. I was advised by [] that the five-year plan is now judged to be the primary reference for budget submissions and that in general subsequent budget submissions must be consistent with those in the five-year plan. He also advised me that the RED [] system had been accepted by [] office for future submissions and could be utilized on the next submission which will be due late in December 1969.

Spec

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- 1 - NPIC/TSSG
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